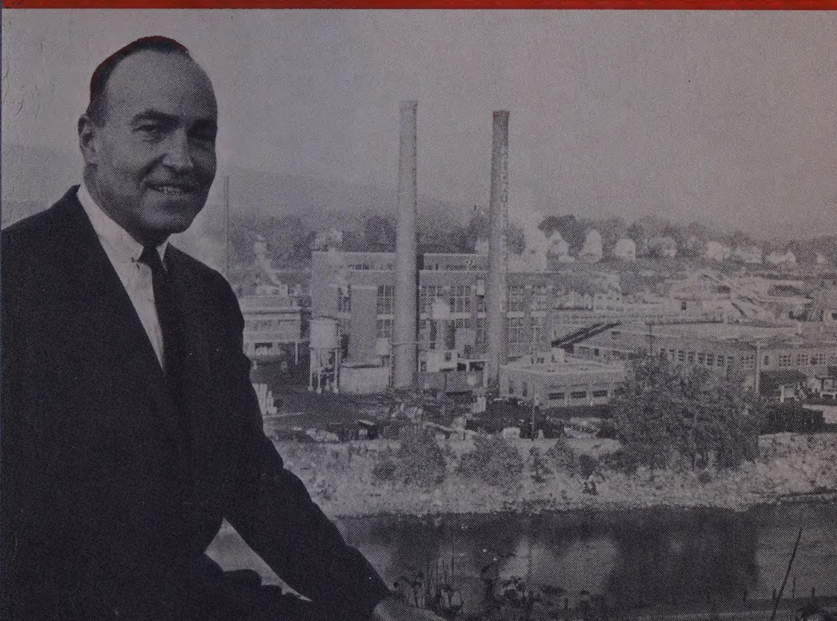
November 9, 1960

Investor's Reader

For a better understanding of business news



US RUBBER TURNS TO CHEMICAL ENGINEER VILA (see page 18)

MAJESTIC MISS

Whether a suburban housewife, career girl or college miss, the young lady on the left is assured her costume is styled in "classic good taste." Majestic Specialties Inc of Cleveland has worked hard for 43 years creating this Majestic look in women's medium-priced ($5-to-18) sportswear.

Majestic wear is manufactured by some 20 contractors in Eastern and Central states which "permits close control of manufacture along with great flexibility."

Chairman & vice president Erwin Klineman notes the company, besides its emphasis in classic lines, has "since 1938 pioneered in making coordinated sportswear. When a customer buys one of our blouses, she can also buy a skirt, pants, jacket, etc to go with the blouse and by mixing the items she can become her own designer."

Coordinates which have produced popular success for a number of smallish apparel specialists in recent years have also given a well-dressed look to Majestic financial statements. Last year the company boosted sales 54% to $17,400,000 while profits climbed to $811,800 or $1.08 a share from $177,700 (23¢) in 1958.

For 1960 Majestic president Emery Klineman, chairman Erwin's older brother, comments: "Sales so far this year are $17,000,000 compared with $13,000,000 for the first nine months last year and earnings are $1.31 a share v 91¢ a year ago. For the full year I see sales of $22-to-23,000,000 and earnings of at least $1.50 a share—and that's conservative."

While Majestic is well known to shoppers the company is relatively unknown to Wall Streeters. Last May 150,000 shares of Majestic common were first offered to the public at $11.50 and in June the stock was listed on the Amex. It now trades around 24, three points below the high scored earlier this year. But since the Klinemans own the remaining 600,000 shares, the public market is quite thin.

Accepted as controlled circulation publication at Poughkeepsie, New York, INVESTOR'S READER published fortnightly. This issue dated November 9, 1960.

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Investor's Reader

No 10, Vol 35 November 9, 1960

BUSINESS AT WORK

UTILITIES
Tampa Electric's Medicine

HURRICANES are expensive—especially the vicious variety like Donna. And utilities pay some of the nasty ladies' biggest bills. Donna presented one of $400,000 to staunch Tampa Electric Company even though fortunately "the main force of the storm missed the Tampa metropolitan area." Tampa Electric decided to absorb in its September accounting period "the cost of all damages and losses of revenue" resulting from the hurricane. But the whole write-off came to only 3¢ a share.

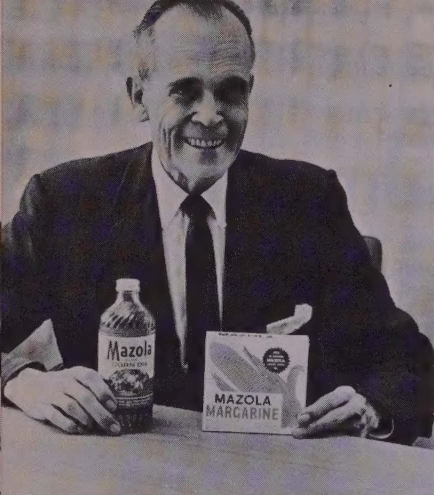
Thus while Donna cut profit for the month to 9¢ a share, for no gain *v* a year ago, she will hardly make a dent in the fast-growing utility's annual report. Atop a decade when both revenues and profits more than tripled, Tampa Electric estimates 1960 earnings at a solid $1.21 a share *v* 98¢ last year.

FOODS
Margarine Corn

SURROUNDED by food editors and recipe makers at a New York Athletic Club luncheon two weeks ago, president John R Rhamstine of $424,000,000-assets Corn Products Company announced "a major breakthrough in food nutrition." He introduced Mazola margarine which is made mostly of liquid corn oil (Mazola, of course).

"The breakthrough," he explained, "was the discovery of a process permitting the blending of corn oil in its pure liquid state into a honeycomb of lightly hydrogenated oil." The resulting "nearly one half" liquid oil margarine "retains solid form under normal temperature conditions." Corn Products has already obtained a patent for the process.

While the company cannot make medical claims without running afoul of the Government's Food & Drug Administration, Mazola mar-



Corn Products prexy Rhamstine

garine represents an obvious pitch for the cholesterol-conscious market which has proved such a boon for Fleischmann's "Golden Corn Oil" margarine of Standard Brands (IR, July 8, 1959).

In fact, when Corn Products began to test market the margarine a year ago under the temporary name Cornette, it advertised "linoleates [which abound in corn oil] are the fat components demonstrated to be effective in lowering excess serum cholesterol levels." While this is true the possible effects of cholesterol on coronary disorders is still very nebulous. Consequently last December the FDA warned "unsaturated fat" product sponsors against "false and misleading" advertising and Corn Products now promotes only the "nutritional superiority" of Mazola margarine.

But by pleasant coincidence just two weeks before Mazola margarine's press debut Corn Products was able to sponsor a speech by Dr Hugh Sinclair of Oxford to the annual food editors conference. The British nutritionist called an excess of saturated fats in the Western World's diet primarily responsible for the alarming rise in heart disease, also declared "corn oil has by far the highest ratio of [desirable] unsaturated fats." Then however came his warning: "The fats we need are destroyed by hydrogenation and a hydrogenated corn oil margarine is no better than any of the other ordinary margarines."

This objection to hydrogenation (saturation with hydrogen to harden and preserve the margarine) is neatly answered by the Mazola "breakthrough" which manages to keep its margarine in solid shape even though it remains largely non-hydrogenated.

Premium Products

Mazola margarine has so far been introduced in the North Atlantic states, Southern California and the upper Midwest or "almost a third of our nation. Distribution will be national before long," states prexy Rhamstine. Corn Products already makes Nucoa margarine which it acquired with the Best Foods merger two years ago but Mazola is its hottest contender for an increased share of the billion and a half pound (and growing) margarine market.

Standard Brands has also rushed into the non-hydrogenation field with last month's introduction of Fleischmann's Sweet Unsalted Corn Oil margarine which however is a frozen food product and thus must compete for tight freezer shelf space in supermarkets with such high-

profit items as prepared foods. The new Fleischmann's item also carries a super-premium price tag (about 49¢ a pound in the New York area) compared with 39¢ for Mazola and the established, more-hydrogenated Fleischmann's Golden Corn Oil and about 25¢ for regular margarines like Nucoa and Standard Brands' Blue Bonnet.

Meantime the first non-hydrogenated brand of all, Emdee, continues to sell quietly in refrigeration-requiring tins through drug store channels. It has been out since early 1958, a product of the Pitman-Moore division of Allied Labs (which in turn is soon slated to merge into Dow Chemical—see page 25).

The entry of Mazola margarine into the health & cost-conscious market also highlights Corn Products' attempt to strengthen its higher profit margin consumer line. For years the company relied on corn as its single raw material and channeled most of the refined starches, syrups, oils, etc to industrial users. It sold a substantial amount of consumer items (Mazola oil, Bosco milk amplifier, Karo syrup, Argo starch) but the 1958 Best Foods marriage greatly enlarged the pantry with Hellmann's mayonnaise, Nucoa, Skippy peanut butter and Rit dyes. Last year consumer goods accounted for 44% of Corn Products volume compared to 35% in 1956 while industrial items dropped to 51% of the total. Byproducts contributed the remainder.

The percentage of consumer business is likely to be even greater this year. Moreover with Best Foods completely digested 1960 should be another banner year for the 54-year-old company which has reported successively higher earnings a share in each of the past five years. In the first nine months sales inched up 1.5% to $519,000,000 while net income pushed to $2.52 a share from $2.16. Wall Streeters think the company may earn around $3.50 a share for the full year *v* $3.04 in 1959.

The 11,000,000 deep blue Corn Products shares reflect this cheerful outlook on the Big Board. Since 1933 the stock has been one of the 30 Dow Jones industrials; unlike the majority of its colleagues (the average itself is down 17% this year) it trades within a few points of its alltime high of 71 posted after the Mazola margarine unveiling.

COMMUNICATIONS
Foresight

THE INCOPORATORS of the American Telephone & Telegraph Company on February 28, 1885 set forth their plans to interconnect the various North American places enjoying telephone service, carefully added provisions for connection "also by cable and other appropriate means with the rest of the known world." The foresighted phrase turned out to cover such "appropriate means" as microwave and other radio transmission. But few incorporators could have suspected that in its 75th anniversary year AT&T would apply to serve the "known world" through company satellites circling the heavens.

RETAIL TRADE

Washington's Drug Fair Expands With More Suburban Stores

EXPANSION is the order of the day at retail druggist Drug Fair-Community Drug Company. In the last eight years the $6,650,000-assets chain which operates in Washington, northern Virginia and south-central Maryland has opened 45 new stores which brings the total at presstime to 55. This includes 16 new branches since the beginning of the year. Four more are scheduled to be in business before New Year's Eve and an additional ten in 1961.

All but eight Drug Fair stores are in the suburbs. Along with the usual pharmaceutical, cosmetic and tobacco items each sells a broad non-drug line of clothing, records, housewares, unpainted furniture, bicycles, etc. Drug Fair sells mostly nationally advertised merchandise and has no private brands but maintains it can and "does meet competition" on prices.

President Milton L ("Doc") Elsberg likes to reiterate his company's motto: "Don't say drug store, say Drug Fair, there's a big difference." He believes: "People are interested in ease, one-stop shopping and A-1 merchandise." Drug Fair which boasts all three has "a good and steady picture."

Drug Fair on Amex . . .

The 48-year-old executive who has a pharmacist degree from the University of Maryland (1931) worked as a Wall Street runner and a disc jockey before becoming manager of Washington's Southern Drug Company in 1935. There he met present Drug Fair chairman Robert Gerber and in 1938 the two opened the first Drug Fair across the river in Alexandria.

Pill-Pounder Elsberg

President Elsberg had plenty of pill-pounding experience in the early Drug Fair years. His duties have greatly expanded but he also manages to find some time for an expanding interest in many civic activities. Because of Drug Fair's "pre-eminence" in modern drug store merchandising, it was selected by the US Commerce Department to exhibit at the International Trade Fair in Zagreb, Yugoslavia in September. Doc Elsberg not only personally supervised all shipping of goods but went along to demonstrate filling prescriptions.

Drug Fair growth is reflected in the expansion of the company's Alexandria store. Since his days behind the counter, Doc Elsberg notes, "that store has been enlarged three times to 8,000 square feet and sales have expanded almost 16 times." Actually it is small compared to most Drug Fair stores which average 15,000 square feet but volume is far larger ($1,250,000 a year *v* $690-to-700,000 for other stores).

. . . and in Yugoslavia

Overall, Drug Fair ranks among the highest in the industry in volume per store and well above competitors Peoples and Dart Drug which also operate in the Capitol City area.

For the year ended June 1960 total Drug Fair sales rose 33% to \$27,400,000. Net income inched to \$573,000 or 53¢ a common share from \$546,000 (50¢) in fiscal 1959. Volume increased faster than profits "because we began so many new operations but they are all profit making branches now. We don't have a single store which does not show a chart of up through the years."

Drug Fair which rents all its stores estimates leases totaled about 4% of sales last year. Doc Elsberg figures "it costs \$130-to-150,000" to open a new store including inventory. To raise funds for expansion the company in July sold \$500,000 worth of 5½% debentures with warrants to buy 25,000 common shares attached. At the same time Drug Fair offered 100,000 shares of common at \$12 each. This brings total stock outstanding to 566,000 A and 612,000 B shares. The B, all owned by the Elsberg and Gerber families, is convertible into A on a share-for-share basis after May 1962 and earlier if the families decide on a public offering. However Doc Elsberg sees "no further equity financing for expansion" in the near future.

The 566,000 A shares (5% closely held) were listed on the Amex two weeks ago (see picture of Amex prexy Ted McCormick, Drug Fair's Gerber and Elsberg). Another 80,800 shares are eligible for listing if warrants are exercised. The stock opened at 10, has since climbed a point. The A stock currently pays a dime quarterly while nothing is paid on the B.

Doc Elsberg says: "The future will take care of a dividend in-

crease." He would rather plow earnings back and have the investment "reflected in stock appreciation." And while Drug Fair under certain conditions can distribute cash or B stock dividends to B shareholders, prexy Elsberg says: "It is not our intention to do either at the moment."

His immediate intention is to boost Drug Fair sales in fiscal 1961 to "$40,000,000 and earnings to more than 75¢ a share" on the present capitalization. Expanding on his confidence, he gives three big reasons: "We are located in growing suburban areas, we have new modern branches and the discount drug stores in our area are mostly restricted to drug and similar items. We began our merchandise line several years ago and have a lot of good experience in this field."

MACHINERY
Centenarian Foote in Gear

BORN IN CHICAGO just one year more than a century ago as a shaft hanger and pulley producer, Foote Bros Gear & Machine Corp has grown into a leading manufacturer of power transmission gearing for every industry from excavation to aviation.

A quiet worker with solid reputation among industrial specialists but little known to investors, Foote Bros developed the first enclosed gear drive in 1895 and then entered the tractor-tank transmission field during World War I. Expansion through a series of acquisitions (some of which were gear-using manufacturers) in the Twenties was largely undone again during the dismal early Thirties.

But the purchase of tractor producer Bates Manufacturing in 1928 led to a fruitful long-term result. The Bates secretary was James R Fagan who was undecided about sticking after the merger but "just happened to be in the office of president Davis of Foote right after the deal was made and was asked to wait to see him." Jim Fagan quickly agreed to start with Foote as general credit manager, advanced to secretary-treasurer in 1936, became vice president-treasurer ten years later and has held the title of chairman-president-treasurer since 1957. The 59-year-old executive sums up in retrospect: "I just never got out of there."

Defense work during War II caused Foote to form a Precision Gear division to provide precision-type, heat-treated gears for aeronautical engines and helicopter transmissions. This part of business boomed in 1940-44 and again during the Korean War. Since then the gear producer has supplied essential parts for the Boeing Bomarc missile and for many jets (especially the Boeing transports) and the Lockheed Electra.

One major program currently on the division's horizon is precision transmissions for Boeing subsidiary Vertol's new Tactical Chinook twin-turbine copter which the Army expects to fly early next year. The 150 mph cargo & troop transport with greatly increased capacity will replace the Army's current fleet of piston-powered helicopters. Vertol

also hopes to sell a civilian version.

But Jim Fagan believes the unpredictable, often budget-dominated changes in Defense procurement as well as the decline of manned aircraft ("though we do some missile work too") make the precision gear business erratic at best. Thus he feels concentration on the fast-growing Industrial Gear division now provides Foote with its greatest opportunities.

New & Old England

As the first step in its industrial gear diversification program Foote Bros acquired 60-year-old roller chain & sprocket maker Whitney Chain of Hartford in March 1959 for $4,473,000 cash. Whitney products neatly supplement the parent company's major line of speed reducers. Besides providing a highly marketable combination "package," the high replacement business of chains helps to smooth over the cyclical nature of speed reducers which are mostly dependent on capital expenditures.

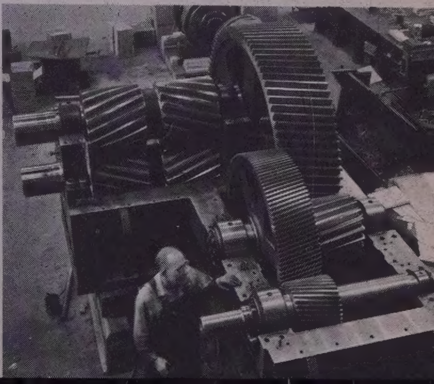
Another major step in the Foote Bros industrial expansion program came in May 1959 through a financial and business tie-up with world-renowned British engineer and gear producer David Brown Corp Ltd. As a preliminary, Foote called its old preferred stock and then reclassified each common share into one share A and one share voting B stock. The A stock is entitled to 50¢ a year cumulative dividend preference and participates equally with the B in dividends up to 80¢; any additional payments go exclusively to the B.

The reclassification accomplished, the British company purchased 150,000 shares of B stock for $1,350,000. It also received options for 300,000 more shares. Although Britisher Brown now owns 24% of Foote Bros voting stock and can increase its holding to 49%, Jim Fagan states there is no likelihood of "foreign" control; David Brown firmly believes "American business enterprise should be run by Americans."

Foote used most of the Brown funds to help finance part of the Whitney purchase. In addition it will receive manifold operating advantages by association with Brown through cross-licensing of patents, processes, etc, also availability of Brown's extensive R&D organization, opportunity to market Foote Bros products all over the world and exclusive distribution in the US of speed reducers and gear products manufactured by David Brown Industries in Britain.

It also has an opportunity to have some of its products manufactured abroad both for foreign distribution and in some cases for the

Foote gears aluminum mill



US market. The highly successful Foote Bros "Radicon" fan-cooled worm gear speed reducer introduced this Summer in the US is presently being manufactured to American specifications by Brown Ltd.

Coast and Canada

In July the Chicago gear maker bought Brown's San Leandro, Cal gear business and inventory in order to service the West Coast market with Foote Bros, Whitney Chain and Brown products. In a joint Foote-Brown venture the partners established a sales subsidiary in Toronto to manufacture, assemble and distribute speed reducers, chain drive and gear products of both companies. Remarks Jim Fagan: "We could never have entered the Canadian market on our own but now we can have our US-made parts assembled in Canada in addition to some local production by the jointly-owned operation."

As for the near-term financial effect of Foote's recent moves, sales have increased sharply with the addition of Whitney. But Whitney had been losing money for some years prior to its acquisition (largely due to the Hanson-Whitney division which was sold prior to Foote purchasing). But Jim Fagan says Foote quickly put Whitney operations in the black though it will take time to develop the real profit potential.

Meantime Foote Bros sales in the 28 weeks ended May 14 increased 19% over the like 1959 period to $10,649,000 but net earnings were down 8% to $551,000 or 59¢ a B share. During the October 1959 fiscal year (which included Whitney for seven months) sales had risen 52% to $18,500,000 though this still was not back to Foote's own 1954 peacetime record of $22,000,000. The company cautiously predicts fiscal 1960 sales will approach last year's level. Earnings however will be down substantially from the $1.62 a B share netted in 1959.

These earnings are figured on the basis of the reclassified stock with A shares counted at their maximum participation rights of 80¢. There are presently 465,000 A and 615,000 B shares outstanding, all receiving 12½¢ quarterly payments with no early expectation of a hike. Both classes of stock trade over-the-counter with the A shares quoted around 7, the B around 9.

According to president Fagan conditions in fiscal 1961 will probably be the same as this year because of the lower rate of capital expenditures now predicted. But Foote's business should "start picking up in the middle of 1961."

MACHINERY
Worthington Airs Its News

JUST last fortnight chairman Hobart C Ramsey of Worthington Corp aired news of two large commercial air conditioning contracts. Worthington will install a record (for one project) 10,000 tons of refrigeration for Manhattan's Pan Am building now under construction over Grand Central and 4,200 tons for Houston's 44-story Humble Oil building, reputed to be "the tallest office building west of the Mississippi." The two contracts, both scheduled for completion in 1962,

will add $1,500,000 to worldwide Worthington's billings.

Established as a pump manufacturer 120 years ago, Worthington has expanded sales of residential and industrial air conditioning & refrigeration equipment ahead of pumps to the No 1 slot in its line with 20% of total sales. Widely diversified Worthington also derives substantial sales from other products such as compressors, engines, steam power equipment, control devices. About 50% of sales are now from standard off-the-shelf products.

While 1960 "has been a problem year for most capital goods producers," Worthington sales for the first nine months rose $12,000,000 to $143,000,000. With the fourth quarter traditionally higher, full-year sales are anticipated to be somewhat more than last year's $180,300,000. Nine-month profits came to $5,275,000 or $3.01 as against $2.50 in 1959. However the 1960 score includes 72¢ from foreign operations. For the full year some observers think consolidated earnings may exceed $4 *v* $4.81 on a worldwide basis last year.

Hobe Ramsey optimistically states: "New orders during the nine months were nearly $4,000,000 ahead of 1959 and our unfilled order backlog has increased by over $2,000,000 since January 1." And "while the national economy has not been as vigorous as anticipated at the beginning of the year, our forecasts indicate that 1961 should be better than 1960 both for our air conditioning division and for Worthington as a whole."

SHOES
Unscuffed Melville

IN THIS competitive society, technological advances often reach the scene in close parallel. Only a few weeks after shoemaker Endicott Johnson announced its Battelle Institute-developed scuff & crease-resistant leather (IR, September 28), big integrated manufacturer-retailer Melville Shoe Corp came out with its "scuff-resistant" line.

Developed especially for Melville by meat packer Swift's A C Lawrence Leather Company, the special process includes the tanning and finishing steps. For competitive reasons Melville does not feel free to release further details but says it has started volume production with the process which gives shoes "scuff-resistant, longer wearing" properties.

The scuff-resistant leatherwear will first be introduced in Melville's Thom McAn children's shoes by the middle of this month. Thus Melville's operation entirely through its own retail chains (except for some private brands and exports) apparently gives it an advantage over Endicott Johnson (about 75% sold through other outlets) which is now showing and taking orders on some models for next Spring's men's and boys' lines. Melville says the new process costs somewhat more than conventional manufacture but plans to keep the price line, hopes to make it up in volume.

Simultaneously with the scuff-resistant debut, Melville reported on another shoe advance: first American production of an all-synthetic shoe by conventional piece-by-piece

Shoes meet soles at Melville

construction. Previously, all such shoes were made by molding the synthetic material—a method unsuited for dress shoes. The new shoes, produced for the Navy, are made out of duPont plastics: Neoprene soles and a new-type breathable polymeric material for uppers.

Likewise in the synthetic line giant International Shoe recently announced it has under development with duPont a new "footwear and accessory material" which it hopes to market in a year or two. For instance: a man-made washable suede.

Another recent technological development resulted from an Armour-United Shoe Machinery project. The team came up with a "reconstituted leather" which enables them to use the whole hide.

Melville officials happily call its two new shoe developments "possibly as significant as nylon was to the silk stocking industry." Pleased president Robert C Erb says "we've gotten in the forefront of a revolution in shoe construction."

Additional health signs for progressive Melville which operates over 1,100 Thom McAn, Miles and John Ward stores throughout the country are a 12% rise in half year sales to $76,700,000 with net up to $1.04 a share compared to 91¢ in the first half of 1959. Robert Erb expects the full year to "show an increase" over the $151,700,000 sales and $2.02 earnings of last year. The company plans to continue its extensive expansion of the last few years when capital spending averaged $4,000,000. But with the gain in earnings it felt it had ample cash to up its quarterly dividend from 37½¢ to 40¢ last month.

AIRCRAFT
Boost from Cessna

IN A PLEASANT surprise for stockholders directors of Wichita's Cessna Aircraft Company last fortnight voted a nickel hike in the quarterly dividend to 25¢. The previous rate was in effect only since April when directors established it after the stock was split 3-for-1 in March.The pre-split stock had paid 50¢ quarterly since May 1959 and before that the rate was 40¢. Thus in less than two years the payout has just about doubled.

The dividend boost came despite a decline in both sales and earnings for the light aircraft builder. In the year ended September 1960 volume dipped an estimated 3% to $103,000,000 while profits fell to around $2.25 a share from the previous

year's record $2.47. Even so it was the second best year in company history and a shining performance in a far from happy year for many of the largest aircraft builders.

Cessna vice president & treasurer Frank A Boettger has a word for both items. "We decided to boost the dividend because our cash position has improved materially over the last few years. In all fairness to our stockholders we couldn't justify our conservative dividend policy of past years."

Military Dive

Treasurer Boettger attributes the sales drop "to a sharp decline in military aircraft and electronics business. Also our industrial products division [which makes hydraulic pumps, valves and cylinders] was off due to declines in the farm equipment industry. We had an unbalanced volume in this division with heavy sales in the first four months tapering off as the year went on." This was in part offset by a 20% surge in commercial plane business which included a big demand for the company's Model 210, a four-place plane with retractable landing gear brought out last year.

Recently military sales have picked up somewhat. In August Cessna received a $3,800,000 follow-on production contract from Republic Aviation for components on the F-105. Also the Air Force has ordered 35 additional U-3 utility planes at an estimated $50,000 each.

The profits dip treasurer Boettger attributes in part to the drop in volume. Also, as this was the first year for the 210, "it did not yield the same margins it will in the next few years."

Looking at the current fiscal year the treasurer expects "improvement in both sales and profits with sales at about the 1959 level." Profitwise "we should do better than 1960 and we are hoping to do as well as 1959." He qualifies his predictions: "This assumes the economy gets no worse than it already is."

One factor however which may hold profits down: Frank Boettger notes Cessna engineering costs will be higher this year. The company is developing a new twin-engine plane "to help us compete in an area where we are not as strong as we'd like to be." Up to now the Cessna line of nine different commercial craft included only one twin-engine model.

BUILDING MATERIALS

Armstrong Correction

IN THE story on Armstrong Cork in the October 26 issue, various statements were inadvertently attributed to treasurer Walter E Hoadley. Mr Hoadley did not make these statements and states that it is Armstrong policy not to make public statements on future profits or dividend figures. Through a typographical error Armstrong earnings for 1959 were given as $3.90 a share instead of the actual result of $3.69. The 1959 year-end extra dividend was 30¢ rather than 20¢; Armstrong raised its regular quarterly rate from 30¢ to 35¢ in the Summer of 1959 making total payments for the year $1.60 or 20¢ more than the current regular annual rate.

Jersey Chemist Expands Pharmaceuticals

Wallace & Tiernan To Boost Drug Lines With Rochester Purchase

ONE of the avowed goals of Belleville, NJ chemist Wallace & Tiernan Inc is to see "pharmaceuticals account for one-third of volume." A company spokesman explains: "We regard pharmaceuticals as an area of excellent growth potentials."

At present pharmaceuticals contribute only 10% to Wallace & Tiernan sales but the 33% goal may be near at hand. Next month the company hopes to get final approval to annex privately owned Rochester ethical drug manufacturer R J Strasenburgh. "With this acquisition and if pharmaceutical sales increase a bit the company could reach its sales goal by 1961."

The same December stockholder meeting asked to OKay the Strasenburgh acquisition is also due to authorize a 2-for-1 split of Wallace & Tiernan common. There are 1,-440,000 shares now outstanding with another 400,000 (pre-split) to be issued for Strasenburgh. Since its listing on the Big Board in June 1959, the present "WLT" common has advanced from 36 to an early 1960 high of 69, now trades around 59. Holders have also been promised a 6⅔% dividend boost which will bring the rate on the 3,680,000 new shares to 20¢ a quarter.

Wallace & Tiernan's present drug operations are carried out by the Maltbie division (acquired in December 1954). This division is best known for such proprietaries as the Desenex athlete's foot treatments and Caldesene medicated powder for diaper rash. It also makes a line of ethical products: Cholan for treatment of gall bladder and liver disorders; Bifran for obesity; Caldecort for dermatological disorders; and Dornwal, a new "no side effects" tranquilizer which was introduced last April. WLT officials say: "Dornwal at present is selling ahead of budget but below company hopes." By the end of December a bigger sales push will be underway. This sales campaign will be bolstered by new literature which is slated to reach the medical profession in the near future.

With Strasenburgh, Wallace & Tiernan will acquire Ionamine and Biphetamine anti-obesity drugs and Tussionex, a cough syrup. It will also add Strasenburgh's special Strasionic delayed release process which controls the rate at which a medication takes effect. WLT may be able to apply the Strasionic release to Dornwal. The Strasenburgh acquisition will also add an additional 160 Strasenburgh detail men to Wallace & Tiernan's existing 80-man detail staff.

Chemical Growth . . .

But WLT does not intend to be wholly addicted to drugs. It feels chemicals represent another excellent growth area. The company's Harchem division makes over 100 products including sebacic acid (which comes from castor oil), stearic and oleic acid, capryl alco-

hol, glycerine and plasticizers for use in plastics, textiles, rubber, nylon, paints and lubricants.

The Lucidol division is the leading producer of organic peroxides, peresters and hydroperoxides which are used as catalysts for polymerization in making many of the polyplastics. They also find use as drying, oxidation and bleaching agents. Together, Harchem and Lucidol sales account for more than a third of company volume.

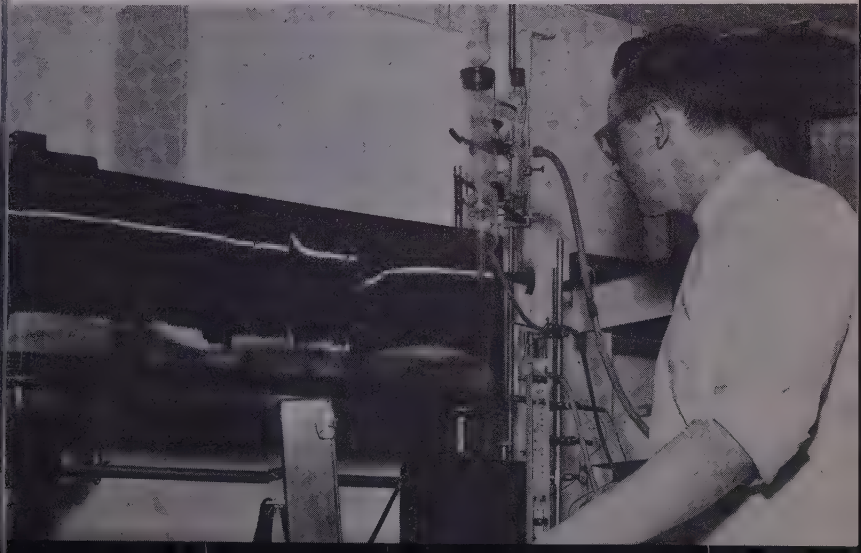
. . . in Intermediates

Wallace & Tiernan chemicals are not found as end products. It concentrates on intermediary chemicals. For example WLT will buy a basic chemical like hydrogen peroxide from the Becko division of Food Machinery, then convert it into organic peroxides and sell it back to someone like duPont which will use it in an end product like polyethylene. WLT has "no immediate plans of going into heavy chemicals at this time." But if chemical research "turns up something really big we'll get the most out of it. If it means spending money we're prepared to do just that."

Wallace & Tiernan is also the leading maker of chlorination equipment which it turns out through its Chlorinator and Industrial Products divisions. It is used by municipal and industrial water systems all over the world, accounts for 20% of company volume.

The company's Baker Process division manufactures Do-Maker equipment, which feeds, develops, mixes, extrudes and pans dough at the rate of over 5,000 loaves an hour. Commercially introduced in 1955 the Do-Maker completes in a matter of minutes what requires hours with conventional breadmaking equipment. To date the company has sold almost 100 units at $125,-

Research at Wallace & Tiernan



Inspecting Do-Maker bread

000 each. It estimates the domestic market at 1,500 units. WLT reports "excellent consumer acceptance of Do-Maker bread which has meant increased sales for bakers using it." It also promises "lower labor costs. savings in material costs and improved sanitation." Consequently WLT figures Do-Maker "has excellent growth potential."

Other lines for Wallace & Tiernan are pressure instruments (barometers, altimeters, etc) and various navigational aids (fog horns, buoys). This division "grows along nicely each year on its own" without much attention from WLT.

In addition Wallace & Tiernan operates four service divisions. Flour Service supplies chemicals and know-how to millers for bleaching and maturing of flour. Decco produces chemicals and service for preservation of fruits and vegetables. Electro Rust-Proofing furnishes equipment and services for inhibiting electrochemical corrosion. American Machinery Corp makes fruit and vegetable processing machinery. While they are in the black the company does not consider these lines "tremendous growth areas," but quickly insists "none of them are for sale."

Foreign Contributions

More vital are Wallace & Tiernan's foreign operations which contributed 17% to last year's sales. The company has three Canadian plants which manufacture and sell mechanical equipment, organic peroxides and chemicals. Overseas in a British plant it manufactures a complete mechanical line plus flour treatment processes. In Germany it makes organic peroxides and a limited equipment line. WLT expects "it will move forward overseas both with a bigger sales organization and more manufacturing facilities."

Last year total Wallace & Tiernan sales came to a record $51,800,000. Earnings, also a record, were $4,-270,000 or $3.03 a share. For the first half of this year the company boosted sales 11% to $28,700,000 and upped earnings to $1.59 a share from $1.49. For the full year, despite increased advertising costs (especially for Dornwal) and an expanded research and development budget the company estimates sales up a bit "to around $56,000,000" and hopes "earnings will reach $3 a [pre-split] share."

Research-Minded Universal Oil Products

Refining Expert Widens Scope to Fight Smog, Apply Computers

NO OIL WELLS or refineries are among the $84,000,000 assets owned by Universal Oil Products Company nor do the $65,300,000 gross revenues recorded last year include any oil products. Yet oil is an integral part of the life as well as the name of "UOP," a practical scientific outfit which concentrates on research and technical services for the oil industry and makes a large part of its money from royalties on UOP-developed refining methods. Founded in 1914 to hold the patent rights to the first thermal catalytic cracking process, the company today has over 1,700 US oil processing patents plus some 1,300 patents abroad.

In addition to licensing out its processes, the company provides engineering services in all phases of petroleum refining and chemical & petrochemical processing. The royalty and service functions brought in $17,680,000 of gross income last year. In 1950 it formed a construction subsidiary Procon Inc which builds facilities in the petroleum-chemical realms, last year fulfilled $29,700,000 of contracts. Starting in 1950 on an expanded manufacturing program UOP began to make platinum-bearing catalysts, oxidation inhibitors, additives, antioxidants and antizonants not only for petroleum refining, but for the petrochemical, chemical, rubber and food industries as well.

While Universal Oil Products has made its name famous in the oil business for almost half a century, the company is rather a newcomer in the stock market. Its 2,900,000 shares (sole capitalization except for some $3,500,000 in mortgage and bank installment loans) were first offered in February 1959 at $25. Before then UOP had only one owner, the Petroleum Research Fund. The American Chemical Society received the net income of this charitable trust set up in 1944 by seven major oil refiners in a cooperative effort to further scientific education and fundamental petroleum research. The Fund received the proceeds from the stock sale. Now the shares of the publicly owned company are listed on the Big Board under the company's traditional abbreviation UOP.

Royalty Profits

President Maynard P Venema who has worked for UOP since 1935 states: "Today the bulk of gross revenues comes from sales of manufactured products and construction but licensing and service operations still contribute two-thirds of income before general expenses" and over 50% of net income. He adds: "We still consider ourselves primarily an R & D organization."

This statement is amply supported by UOP research developments. The most exciting recent development (certainly as far as the stock market is concerned) has taken UOP's catalyst expert researchers beyond oil refining to oil's greatest user—autos. The company is working on an "automotive exhaust emis-

sion control" (anti-smog to most laymen) device which it calls Purzaust. President Venema admits competition in this field (IR, July 6) "will be stiff," especially from some corporate giants like Union Carbide.

But he is confident UOP's Purzaust, "with its unique catalytic approach" will be certified in California. He notes: "It is now before the California Board which is establishing test standards which anti-smog equipment will have to meet." After two or more such devices are approved, all new California autos will have to be equipped. Maynard P Venema hopes this may come in time for the '62 cars. He estimates the market "the first year in the state of California alone at 1,000,000 or so devices."

President Venema intends UOP to be ready to participate in filling this demand. "We will start to build a Purzaust muffler manufacturing plant late this year or early in 1961." UOP also has advanced plans for marketing its catalytic muffler. In June it set up Universal Oxidation Processes Inc "to direct the manufacture and marketing of Purzaust." And last month it announced an agreement with Arvin Industries "to exchange technical information."

President Venema elaborates: "As Arvin is a leading muffler manufacturer & supplier we felt this agreement advantageous. Under the terms Arvin may incorporate the catalyst into its own anti-smog device." He adds: "At least at the start we will not be manufacturing Purzaust mufflers for the original equipment line. However we may very well be selling our catalyst to other manufacturers who make mufflers for original equipment. Mostly however we expect to concentrate our own muffler sales in the far bigger replacement market."

At the present state of development, UOP's Purzaust catalyst will last "at least a year and possibly up to two" and the metal body of the muffler can be geared to the life span of the catalyst. It is estimated the muffler will cost about $50 more than conventional mufflers. Venema candidly admits cost and useful life still present substantial problems but indicates UOP expects to solve them by the time of full production.

Pollution Battle

UOP is not confining its hopes for Purzaust to California and the West. Venema states: "We've had inquiries from many metropolitan areas including New York, Washington and Pittsburgh and even from overseas."

Closely allied with UOP's Purzaust research is its work in controlling industrial chemical pollutants. Maynard P Venema predicts: "This is a tremendous growth area. Right now we provide engineering skill and know-how for disposal of chemical wastes—further developments along this line are natural for us."

Also allied to present operations was the purchase last March of over 51% of Trubek Laboratories. The East Rutherford, NJ manufacturer makes aroma chemicals for the soap, perfume and cosmetic industries and chemical intermediates for pharmaceutical and chemical customers. Within the next two years UOP will buy the remaining stock of Trubek.

The entire transaction will cost approximately $6,000,000. President Venema explains: "We're going to build Trubek. Although this is an area of relatively new endeavor for us some of our research is applicable in the intermediate chemical field."

The newest phase of UOP operations is electronics. The company has a working agreement with Daystrom Inc for a joint research effort "to adapt computers for advantageous use in the oil industry" which Maynard P Venema points out is already highly automated. He emphasizes: "Our cooperation with Daystrom in this venture is more in the nature of a service to the oil industry —it is not a great area for growth." He primarily wants to apply UOP's petroleum know-how and Daystrom's electronic verve to make "computers function as exact control mechanisms for specific refinery processes."

Computers and anti-smog devices obviously will not contribute to UOP operations this year. The bulk of gross revenues will come as in the past from construction (about $33,000,000 in contracts will be completed this year) and product sales. Adding all UOP functions, "overall gross revenue will be up considerably as compared to 1959's $65,200,000." President Venema feels "earnings should compare favorably with last year's $1.12 a share and may even be a little higher," despite increased expenditures for research & development work. The president is also quick to point out UOP generates over $8,000,000 from earnings and depreciation — "enough cash to cover expansion and acquisition plans in the next few years."

Because of current research costs and expansion plans stockholders are not apt to get a fatter dividend payout than the present 12½¢ quarterly rate. President Venema emphasizes "R&D costs are some 20% of gross income [exclusive of Procon and other subsidiaries] and next year are expected to be around the same figure. Our very substantial research effort will build for the future."

However because of expected good earnings this year stockholders may again look for a year-end extra; in 1959 an extra 12½¢ was paid in addition to the regular 12½¢ quarterly rate. UOP stock currently sells at 24, one point below the 1959 offering price and seven points below the high of 31 set early this year amidst a generally stronger market and widespread enthusiasm for anti-smog stocks.

UOP president Venema

PRODUCTION PERSONALITIES

RUBBER

Chemical Man Vila New Operating Chief At US Rubber

INTO THE PRESIDENCY of two-thirds of a billion assets United States Rubber Company at the start of this month stepped George Raymond Vila (see cover), a 51-year-old engineer who came up through the chemical end of the No 3 tire maker's business. He replaces 65-year-old John W McGovern who under company rules reached the "time to re-tire" a slogan of replacement tire specialist Fisk which US Rubber acquired in 1939.

John McGovern spent 40 years with the Rubber Company and before moving up to president three years ago was manager of the tire division, the company's largest. While Chairman Harry E Humphreys Jr, 60, remains chief executive, the shift from McGovern to Vila as chief operating officer not only promotes a dynamic, skilled engineer and manager but signifies the growing emphasis on chemical lines—as diversification and as an integral part of the rubber business.

The Philadelphia-born new president graduated from Wesleyan in 1932 and received a masters in chemical enginering from MIT the next year. He first worked as a production and development engineer for Boston Woven Hose & Rubber (now part of American Biltrite). In 1936 he moved to US Rubber's Naugatuck (Conn) Chemical division "to get into sales" although he returned to research during the war when he played a major role in the development of synthetic rubber.

According to his own modest description: "I happened to be in position after the war when someone was needed to boost division sales." He did just that as Naugatuck sales manager. He also continued to spark development work on new materials. In 1953 Vila was made assistant general manager of Naugatuck, then in 1957 he became general manager and a corporation vice president.

Later that year he advanced further as a result of a major organizational reshuffle when Harry Humphreys dropped the duPont-inspired committee management system and vested more decision making power in individual officers. John McGovern became president and Vila was chosen group executive vice president responsible for Naugatuck as well as the international, plantation and textile divisions.

While non-rubber interests are not new to US Rubber (it acquired its first chemical plant in 1911), Rubbermen seem to agree two of the operating divisions formerly headed by Vila—Naugatuck Chemical and US International—offer the company its greatest prospects for growth.

Ranks in Rubber

US Rubber's early eminence in its industry is attested by the simple dignity of the ticker symbol "R" for Rubber Company stock which has been listed on the Big Board since 1892. By now there are 5,730,000 common shares outstanding.

The stock reached an alltime high of 69 during peak year 1959 when earnings ran to $5.30 a share. As industry outlook clouded in 1960, R shares slid and currently sell around the year's low of 41.

In the Twenties US Rubber used to boast it was the biggest rubber company in the world and was the largest US tire maker. But the over-extended complex was not profitable and was trimmed considerably under duPont-sponsored management (duPont family members have held an interest since 1928, own 14% today).

On a total volume basis, diverse US Rubber with peak sales of $977,000,000 last year ranks third in the country behind Goodyear ($1.6 billion) and Firestone ($1.2 billion) but ahead of Goodrich ($772,000,000). Its ranking has not changed since 1942. However, the company increased sales only 89% during the Fifties compared with 149% for Goodyear and 105% for Firestone.

US Rubber has also tended to lag in profits with an increase of 136% during the Fifties compared with 276% for Goodyear and 263% for Firestone while profit margins averaged 3.2% in the past three years *v* 4.7-to-5.3% for the other members of the Big Four.

Regarding rank, president Vila makes one point: "Because of participation in joint ownership operations like 50%-owned Texas-US Chemical, we are actually larger in relation to the other three companies than our sales volume shows." And many outsiders believe US Rubber has recently improved its

US Royal Super Safety 8

ability to make major strides ahead.

Like its competitors US Rubber derives around one-half of world sales from tire lines. Because diversification is stronger in the US, the figure dips to 40% when considering domestic business only. Roughly one-third of US tire sales are original equipment, chiefly to GM plus some to Studebaker-Packard, one-third replacements under its own US Royal, Fisk and Gillette labels and one-third private brands (such as Riverside for Montgomery Ward).

One of George Vila's immediate goals is a larger share of the replacement market: "We have the capacity for it and I think we deserve it." To do this he wants to accelerate opening of company tire stores from the 40-a-year rate planned when US Rubber first decided early this year to go in for such retailing. Conceiv-

ably Vila may raise the originally announced target of 200 stores by 1965.

Diversification into allied lines has been not only natural but profitable. In this respect president Vila speculates cautiously: "We may have a slight edge over our competition from some of our chemical and textile business but I can't go farther than that * * * I regard our competition as highly formidable."

Non-tire Divisions

Since 1957 sales for the Vila-managed Naugatuck division increased 25%. They now total more than $100,000,000 a year which puts Naugatuck about 25th among all US chemical producers. Besides agricultural chemicals, synthetic rubber and chemicals used in rubber processing itself, its list of products includes vinyl, styrene, polyester and other plastic resins plus acids, adhesives, lacquers, etc. Among its most important materials is Kralastic, a rubber and resin blend which withstands high impact. A major use is in rigid pipe (see picture).

A sheet version called Royalite can be molded into almost any shape for such items as typewriter cases and auto dashboards. Another type called Expanded Royalite has proved well suited to small, unsinkable boats. Royalite is actually an outgrowth of War II research but most of its near $13,000,000 annual volume has been generated more recently.

The textile division also has a stream of new materials to its credit. Originally started in 1917 to provide tire cord for US Royals, it now makes many combed and synthetic fibers, yarns and fabrics. It sells 55% of output to outside customers.

Textile's basic patent on probably its best known material, Lastex, ran out in 1948 but this year the division came out with Vyrene, a stretchy material considered even better. It is made of light, strong polyurethane thread covered with nylon or any conventional textile and has been adapted for bathing suits as well as underwear and sportswear. George Vila reports: "We're selling all we can make, and are now considering expansion in capacity. This is definitely going to be a big item for us."

US Rubber's two other domestic divisions (there are five including tires) are both well established in their respective fields. The footwear & general products division (68-year-old US Rubber's original base before there were autos to tire) is the largest manufacturer of sneakers (US Keds) and other canvass and rubber footwear. It also sells sponge and foam rubber, molded, expanded or sheet-form plastics, golf balls, beachwear, inflatables and a wide array of related rubber-base items. The mechanical goods division (fourth largest behind tires, footwear and chemicals) is the leading maker of hoses, belting, tapes and similar industrial rubber products.

To keep pace with product development in all domestic divisions, US Rubber will spend around $25,000,000 on research this year. It is in the midst of a $120,000,000 R&D program started in 1957 when it dedicated a new research center at Wayne, NJ. Since 1954 total expenditures for both basic and applied

research have been stepped up 70%.

At least 20% of US Rubber sales (over $190,000,000 last year) come from abroad and this year an 8-to-9% rise in foreign sales is predicted. President Vila points out overall consumption of rubber is increasing at a faster rate outside the US than at home, due at least in part to increasing ability to buy autos.

He also cites trends toward the foreign manufacture of a widening range of company products and toward cooperative ventures abroad with local or other American companies. For instance in 1958 US Rubber and Italian chemist Rumianca formed Naugatuck-Rumianca SPA to manufacture polyvinyl chloride resins and rubber & agricultural chemicals in Italy.

Two months ago US Rubber announced a similar deal with Witco Chemical of Britain. The two formed Sto-Chem Ltd which will make and distribute synthetic rubber latex.

Meanwhile another and larger joint venture is in the proposal stage on George Vila's desk. Besides US Rubber it involves Cities Service and Continental Oil, Witco Chemical and Fish International of Houston, a pipeline company. Together they have applied to the Argentine government for permission to build a manufacturing complex to serve their joint interests in polymers and petrochemicals. Comments George Vila: "This underscores the direction we hope to take. We're getting more sophisticated in our approach to foreign operations."

In getting accustomed to his new position, one thing George Vila has had to adjust is the company's official sales estimate for 1960—an unhappy task for many a corporate boss this year. After record first quarter sales of $254,000,000, the coveted billion mark seemed within reach for the year as did record earnings of $5.50-to-$6 a share *v* last year's $5.30. However, nine-month sales were off ½% and earnings dipped to $3.76 *v* $3.94 a year ago.

President Vila now predicts earnings for the year will be nearer $5. His main reason for the decline is price cuts in tires, textiles and plastics. "We'll come nearer our goal unit-wise than dollar-wise."

Speaking generally and looking ahead to next year George Vila predicts that profits for his own and other companies may continue to have "rough going" into early 1961 but after that he looks for an upturn and possible new peaks.

Lightweight Kralastic pipe

More Markets for Smith-Corona

Office Equipper Hopes New Prexy, New Products Will Reverse Fortunes

NOT THE LEAST of a keyboard full of news at Smith-Corona Marchant Inc is its new president Emerson "Bud" Mead who took over the chief executive's reins from retiring president Elwyn L Smith the middle of last month. A 43-year-old accountant turned manufacturer who studied nights at Northwestern, executive Mead was one of the assets of printed communications expert Kleinschmidt Labs which Smith-Corona merged in 1956 (IR, Oct 31, 1956 *et seq*). The Kleinschmidt executive vp was brought in as Smith-Corona's vice president in charge of operations and became executive vice president of the parent company a year ago.

He is launching his new duties from a brand new office. Today Smith-Corona Marchant takes up executive residence on the 12th and 13th floors of 410 Park Avenue. The company decided to move from Syracuse to Manhattan this Summer after it closed its old typewriter plant in the upstate city. Says Bud Mead: "We found our executives spending much of their time in the New York area so it was a natural."

The Manhattan offices will also house Smith-Corona Marchant's revamped marketing division which consolidates all sales, advertising, sales promotion, marketing research and administration under marketing vp Leslie C Overlock. Still in Syracuse are an accounting office and the typewriter engineering division.

As new president one of Bud Mead's first tasks will be to erase the red splashed on the company's books in the year ended last June. Smith-Corona reported a loss of almost \$2,200,000 despite record sales of \$93,360,000. About \$1,700,000 was due to write-offs on the unprofitable Syracuse standard typewriter plant.

Now all domestic typewriter production is consolidated at the company's plants at Groton and Cortland, NY which previously produced only portables. The Cortland facility is a 150,000 square foot plant completed only a year ago. Bud Mead figures "all our typewriter operations are now on a profitable basis and we have the added advantage of being able to switch production from one model to another depending on how the market looks."

Copies and Computations

The rest of the Smith-Corona loss prexy Mead attributes to "research, development and introduction costs" on a whole slew of recent or soon-to-be-introduced products. With these costs mostly behind, he is optimistic about the future and the anticipated success of the new lines. Many represent new markets for the enterprising office equipper.

Among these are Smith-Corona's three Vivicopy photocopiers. Introduced in June, these diffusion transfer machines mark the company's initial step into the "highly promising" but also increasingly crowded photocopy field. It is also research-

ing along two avenues for a single-stage dry process machine but Bud Mead refuses to predict its debut.

Combining the talents of Smith-Corona typewriting, Marchant calculating and Kleinschmidt communications printing are Typetronic 2215, a "document preparations system," and Typetronic 6615, a calculating typewriter. Smith-Corona Marchant plans to introduce them in "late November or early December" as its first step in commercial data processing. Says Bud Mead: "We are interested in the peripheral area of amassing data where the small computer can make a contribution. We expect to effectively penetrate that area within a year."

Another new market is accounting machines. In the Spring Smith-Corona introduced a line of ten-key accounting machines which are being manufactured in Germany for distribution both here and abroad. These fit in nicely with the company's line of calculators acquired when Smith-Corona merged Marchant in 1958.

Smith-Corona will also stress some of its already established lines. One area slated for more extensive study is communications equipment. The company got its foothold in this field with the 1956 acquisition of Kleinschmidt. It has expanded the company from primarily a military producer into commercial markets.

Last month it completed a regional communications system for Safeway Stores which enables the giant supermarket to keep track of inventory in retail distribution centers. Safeway is Kleinschmidt's first retail chain customer. It has also delivered telecommunications systems to Greyhound and its subsidiary Greyhound Vans, is working with several other potential customers. Bud Mead says "we will put much of our future research into higher speed types of equipment."

Overlock & Mead inspect new 200

Thanks to the marriages with Kleinschmidt and Marchant, typewriters today account for only 35-to-40% of Smith-Corona sales though dollar volume of typewriters is up from the 100% days. Bud Mead says the percentage will lessen further as the other lines grow.

At the same time it has not neglected typewriters. But with typewriter growth virtually limited to office electrics and portables Smith-Corona has stressed these lines. It is proud of its position as world leader in portables and the only manufacturer to make an electric portable.

It has just begun marketing two new machines in its office electric line plus a new electric portable. The 400 is a heavy duty model which is also used in the new Typetronic equipment. The 200 is a half-as-heavy, half-as-costly office electric. The new electric portable features a powered carriage and line spacing.

Import Importance

In the past few years foreign manufacturers (including Underwood acquirer Olivetti) have greatly undercut domestic manufacturers with inexpensive imports. Smith-Corona hopes it has this problem licked. Bud Mead figures "with our production facilities all consolidated and up-to-date we can manufacture just as cheaply at home as abroad for most of our typewriter lines."

Manufacture of the company's lowest price portable, the Skywriter, which was most subject to foreign competition has been shifted to Britain where president Mead estimates "we save 20-to-25% on manufacturing costs." The Skywriter represents 12% of Smith-Corona's typewriter output.

Bud Mead also hopes to get some tariff relief. In May the US Tariff Commission turned down a joint petition by Smith-Corona and Royal McBee for a 30% duty on all typewriter imports. But Bud Mead plans soon to re-petition, this time only for portables where he figures he stands a better chance.

Right now his primary efforts are concentrated on improving Smith-Corona earnings. For the first (September) quarter the company was still charging off some closing expenses on Syracuse. Even so it managed to push 11¢ into the black as against a 5¢ profit last year. The December quarter "will be considerably better and even ahead of the same period last year" when the company netted 37¢. For the full year while sales are figured close to $100,000,000 Bud Mead hedges on earnings details. "There are too many variables to tell right now." But he expects to be well in the black for the full year.

Likewise he refuses to predict any return to dividends. The company whose dividend record dated back to 1936 was forced to suspend payments in September 1959. And with cash items totaling only a little over $3,000,000 out of total current assets of more than $58,000,000 it may be quite a while before directors vote a resumption. Meantime Smith-Corona stock which had traded as high as 27 in 1957 when the company netted $2.16 a share is now close to a five year low of 12.

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DOW WRAP

Thanks to the research efforts of the Dow Chemical Company this young housewife is able to pack family lunches in a new clear polyethylene-type sandwich wrap called Handi-Wrap. "Specifically scaled to wrap sandwiches," it has a built-in ability "to keep foods fresh" and lacks the "static clinging qualities" of Dow's seven-year-old vinyl-based Saran Wrap. Although Dow admits Handi-Wrap "will cut into the Saran market a bit," the company hopes it will score its biggest competitive gains against wax paper. The new wrap retails at 29¢ for a 100-foot roll (v 33¢ for a 25-foot roll of Saran) which should be enough to wrap 100 sandwiches.

Besides Handi-Wrap and Saran, Dow makes one other consumer product, year-round automotive coolant and antifreeze Dowgard which was introduced last Spring. But in all, consumer products account for a mere 1% of company sales. The bulk of Dow's volume remains in organic and inorganic chemicals, agricultural chemicals, plastics and magnesium. A further broadening of Dow's market is imminent. At the end of this month stockholders of $30,000,000-sales-a-year Allied Laboratories are due to ratify a merger under which each of Allied's 794,000 shares will be turned in for two-thirds share Dow common.

Dow reported record sales of $781,400,000 in the year ended May with earnings up 30% to $3.01 a share. In the first (August) quarter of fiscal 1961 sales climbed another 5% to $202,000,000 but earnings declined to 68¢ a share from 84¢ due to "lower prices and increased costs." This pattern appears still in effect. Meantime Dow's 2,731,000 common shares trade on the NYSE at 71, down 29 points from this year's high.

LINGER NO LONGER

Procrastination may be the single greatest human failing—to judge by the number of proverbs and familiar quotations there are exhorting everyone *not* to proscrastinate. We offer in evidence: Strike while the iron is hot; Make hay while the sun shines; Take time by the forelock; Never put off till tomorrow what you can do today.

We are constantly urging people who can afford to invest to do so without delay, but alas, many of them postpone taking action in spite of their good intentions. For them we have another proverb: Better late than never. And a warning: Time and tide wait for no man.

The members of legislative bodies may stop their clocks and go on working past the time agreed on for adjustment, but they aren't really fooling anyone, even themselves. Time is still passing, and the hour hand always knows exactly what the minute hand is doing.

If you have the wherewithal and the inclination to start an investment program, do it now, Tempus fugit. Carpe diem.

Accepted as controlled
circulation publication at
POUGHKEEPSIE, N. Y.

Published by
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
70 PINE STREET • NEW YORK 5, N. Y.

Please send address changes to
Western Printing Co., Poughkeepsie, N. Y.